



Statement of Jim Cloar  
President  
Downtown St. Louis Partnership  
before  
The U.S. House of Representatives  
Committee on Government Reform  
Subcommittee on Federalism and the Census  
Springfield, Missouri  
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Mr. Chairman:

I am Jim Cloar, President and CEO of the Downtown St. Louis Partnership and the Downtown St. Louis Community Improvement District (CID). The Partnership is a privately-funded not-for profit organization supported by member dues and sponsorships, acting as an advocate, catalyst and facilitator for downtown and center city revitalization.

The CID is a \$2.6 million assessment district initiated and funded by commercial and residential property owners within a 160-block portion of St. Louis' downtown area. It provides enhanced management services over and above those offered by local government. Programs include supplemental security, maintenance and litter control, beautification, special events, marketing and economic development.

The latter of those programs, economic development, is of particular relevance to this hearing today. In fact, we consider it to be at the heart of all of our programs.

In 1999, the City of St. Louis adopted a Downtown Development Action Plan. One of a series of downtown plans that had been prepared over the years, but one that differed from earlier versions from two standpoints. For one, it was funded by the private sector, namely the Danforth Foundation and Bank of America. The second difference was its emphasis on implementation.

The plan identified four priority districts, with strategies for undertaking catalytic projects within each district. In addition, a new not-for-profit called Downtown Now! was created, with responsibility for implementation.

The results since plan adoption have been extraordinary. More than \$3.3 billion in new public and private investment has occurred in downtown St. Louis since the year 2000. Another \$1 billion is planned to start this year.

Noted Washington Post columnist, Neal Peirce, referred to the rebirth of Downtown St. Louis as one of the most remarkable he has ever seen. Just recently, Partners for Livable Communities, a national not-for-profit that helps communities focused on community and economic development, honored the downtown program with its Entrepreneurial American Leadership Award.

Some of the projects have been large ones, such as the \$240 million renovation and expansion of a former (but long vacant) Statler Hotel into a 970 room convention center hotel, the Renaissance Grand.

Just last week, the Old Post Office was rededicated 122 years to the date from its first opening in 1884. The \$ 75 million project now houses the downtown campus of Webster University and the Missouri Court of Appeals, (Eastern District) along with other tenants in a building considered one of the most remarkable historic structures in the country.

In a few weeks, our beloved St. Louis Cardinals will begin play in a brand new Busch Stadium. Just as exciting is their plan for turning the site of the previous stadium into Ballpark Village, a mixed use project with office, residential and entertainment uses.

Underway on the waterfront, just north of Laclede's Landing, Pinnacle Entertainment is a \$400 million project that will include a casino, 200 room luxury hotel and a \$50 million residential investment. Projected opening is September, 2007.

Not all of the projects are the big ones however. A \$17 million dollar streetscape program has placed Washington Avenue as the setting for a boom in residential and restaurant openings. Many of the beautiful buildings in this once thriving garment district had been vacant for decades.

The breakdown of development by type since 2000 shows the biggest category to be for residential use. Almost 25% of the investment has been in this category.

The downtown St. Louis population today numbers almost 10,000 people. Of these, about a quarter, or 2500, has moved into downtown over the last five years. The total inventory of units is 5,700, including 1,700 developed since 2000. Occupancy for projects open over one year is 91% for the newer developments and 83% overall.

While the perception is that loft dwellers (the predominant residential style to date) are primarily younger people, it is interesting to note that 37% of those who are new to

downtown living are over the age of 50. They are well educated, have a higher income level, and many are new to the City and even the region. Just this last week, a developer told our board that all of the units he sold on the first day of offering were to buyers who were not from St. Louis.

Even more housing is on the way. With projects already underway added to developments we confidently expect to start in 2006 and 2007, we conservatively project the downtown population to grow to 18,000 by 2009.

What does this have to do with economic development? Employers tell us that the growing status of downtown as a neighborhood enhances its attraction as a business location. Large businesses that just a few years ago would have been candidates for relocation to the suburbs have made a conscious decision to stay put. And, we are seeing the attraction of small but fast growing creative industries growth relocating to the downtown area.

An already visible result is the number of new retailers and restaurateurs have started up in the past two years. A targeted retail strategy emphasized that we should have a well thought-out merchandising plan, hire a dedicated retail recruiter/coordinator, and formulate meaningful incentives.

Since adoption of the retail strategy in early 2004, 26 new restaurants have opened, often listed in local magazines as the new “hot spots.” In addition, 23 new retailers are in

downtown. Many of these are oriented toward home furnishings, as identified in the merchandising plan to take advantage of the link to the new residents.

There are many reasons for the success that Downtown St. Louis is enjoying today. One of those is, as mentioned previously, the emphasis on implementation. The recommendations are “action-oriented”. We also have energetic and creative leadership from our City agencies, starting with our Mayor, Francis Slay.

Innovative and visionary (some might add persistent) local developers have been at the forefront. While starting with housing, they have recognized the value of street level activity and provided for ground floor retail. Several are now venturing into creation of badly needed additional office space.

Finally, I must point to Missouri’s State Historic Preservation Tax Credits program, often a model by other states. Over 72% of the buildings in downtown St. Louis are over 50 years of age. And 31% of the total are more than 100 years old. They have architectural and historic significance and give our downtown uniqueness locally and nationally.

But they also present an incredible economic challenge. Preservation is costly in any case and undertaking it in a dense urban setting further complicates the pro forma.

Missouri’s program provides a developer with a tax credit equal to 25% of the eligible redevelopment costs (in addition to the Federal credits to which he or she may be

entitled). In addition, these credits may be sold or transferred to another party and may be carried back three years and/or carried forward ten years. A key provision is that there is no restriction as to their being used for rental or ownership properties. In other words, condominium uses are eligible.

The result? Of the historic buildings in downtown St. Louis, 80% of those over 5 years old are being actively used, are under construction or have a 2006 planned start. Similarly, 80% of those buildings more than 100 years old are active.

Earlier I referred to the Federal Historic Tax Credits program. While similar and complementary to Missouri's program, it differs in several aspects. Perhaps the most significant is its limitation to income-producing properties.

Developers are thereby precluded from using the Federal Credit for condominium residential or even office uses. This distorts the market. The occupancy rate for condominiums built since 200 in downtown St. Louis is 92%; by contrast, the occupancy rate for rental units is only 77%.

Yet, despite stronger demand for home ownership, the opportunity to capture the additional 20% credit often leads to projects that start off as rental with the intent to convert to condominiums after a five year period.

Several bills and/or amendments have been proposed over the years to make the Federal program even more effective, in particular to address the restriction on its application to ownership. Without addressing any of the specific legislation that has been considered, I would urge that this limitation be removed.

I thank you for your time and the opportunity to take part in this hearing.